

# Market News

Texas Natural Resource Conservation Commission, Recycling Market Development Program

## Demand and Supply for Recyclables not Yet in Sync

*(This article was written by Clay Collins shortly before he left his position as Recycling Market Development manager at the TNRCC.)*

Markets for recyclables go up and down rapidly for a variety of reasons. Collection/recovery programs are developed over time and cannot be turned on and off to coincide with short-term market trends. Unlike many raw material markets, the supply of available recovered material cannot be immediately expanded to meet an unexpected increase in demand.

### 1995 Demand Increases

During 1995, the demand for old corrugated containers (OCC) could not be met, even though market analysts had projected an increase in demand. At the same time as a number of new mills came online there was a surge in export orders. As new mills started operation and existing mills tried to maintain inventories, a severe shortage occurred. For four months in a row, the price paid for OCC increased more than 20 percent each month. However, even these dramatic price increases could not satisfy expanded supplies. When the higher prices being offered did not generate sufficient quantity of OCC, mills began substituting other grades such as old newspaper (ONP) and mixed paper. This caused problems producing quality cardboard. The substitution was one of the reasons that ONP prices also reached record high levels as mill buyers, not wanting to run out of material, engaged in aggressive buying. Unlike virgin raw material supplies, which can be harvested, mined, or pumped at an increased rate, the supply of recyclable material like ONP is completely dependent on the current consumption and subsequent generation of recyclables by consumers.

### Collection Programs and Market Fluctuations

Collection programs have increased as demand has grown and markets have matured. However, the collection and processing infrastructure for most recyclable material is fragmented and decentralized. A num-



## Environmental Trade Fair in Austin

The TNRCC's annual Environmental Trade Fair and Conference will be held April 28-30 at the Austin Convention Center. A wide spectrum of educational tracks will be offered including two extensive tracks on recycling and pollution prevention. These tracks include 10 exciting sessions ranging from Commercial Lighting Retrofits, and Buying and Selling Recycled, to Changes to the Texas Waste Reduction Policy Act, and Pollution Prevention Partnerships on the Border. For more information about attending or exhibiting at the conference call:

**Diane Burnitt at 512/239-6322.**

ber of vertically integrated end-market companies, such as Champion International, Rock-Tenn, and Weyerhaeuser also have processing facilities. Several national waste hauling companies operate recycling processing facilities in Texas, including BFI, Waste Management, and Laidlaw. However, none of these companies independently can have an immediate, significant effect on the supply of recyclables collected and processed because of fragmented public/private decision-making regarding recyclables collection and processing.

Most OCC is generated in the commercial sector. There are established contracts and infrastructure to collect and process OCC from grocery stores and other commercial sources. If a business, however, has chosen not to bale its OCC or to use a separate container, the collection and processing industry must devise a strategy to recover the OCC. The collector or processor can take steps to recover the OCC after it has been commingled with waste, as was done extensively during 1995 in many parts of the state. Still, the supply of material recovered and processed through this method is significantly less than through source-separation strategies.

Likewise, the supply of ONP from households is largely dependent on local government collection programs—either drop-off or curbside

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## Spotlight on: The Thermalog Company

The Thermalog Company, located in Dallas, manufactures a composite clean burning firelog using recycled hardwood pallets and polyethylene film. The company employs approximately 18 people. The construction of the plant began in 1995 and the initial marketing test run of the product was in late 1996. Thermalog's product uses 95 percent recycled materials. The company consumes approximately 1,200 tons of by-product wood materials and 100 tons of polyethylene film per month. Their recycled material is sourced from the Dallas-Ft. Worth area. Thermalog's great success has persuaded them to evaluate constructing additional plants in Wisconsin, Michigan, Tennessee, Illinois, Colorado, and South Carolina. For more information, contact Thermalog's President, James D. Jones, at 214/634-2676.

## Recyclables (continued)

collection. A private collection or processing company is involved in most Texas cities, but frequently it has no input as to the volume of material collected and processed once a program has been established. Individual residents choose to participate or not, and while education programs may influence behavior over time, the flow of materials from households generally occurs without regard to market conditions.

## 1996 - Demand Drops

During 1996, the supplies of both OCC and ONP exceeded demand. As the aggressive buying of 1995 subsided, unpredictable export orders dried up, the economy softened, and demand dropped, particularly for ONP. Although the demand for the manufacturing raw product, in this case old newspaper, is much less, the decision to "harvest" this raw product has been made by hundreds of communities and millions of Texans without regard to current market value.

Due to the myriad of collection programs and local decision-makers involved, it is unrealistic to expect that the recycling collection and processing infrastructure in Texas will be able to respond rapidly to large swings in the demand for specific recyclables. Therefore, it must be acknowledged that this condition exists, and state and local programs must be prepared to withstand market fluctuations.

## Texas Market Prices

(for the week of February 17, 1997)

Material		Processor Price	End-User Price
Aluminum	UBC (cans)	\$0.24 - 0.44/lb ↑	\$0.63 - 0.64/lb —
Glass	Flint	0 - 20/ton —	50 - 57/ton —
	Amber	0 - 15/ton —	40 - 59/ton —
	Green	0/ton —	15/ton —
Paper	OCC (cardboard)	30 - 58/ton ↑	30 - 85/ton ↑
	ONP (newspaper)	0 - 10/ton ↑	0 - 30/ton —
	White Ledger	20 - 80/ton ↑	100 - 160/ton ↑
	Mixed Paper	0 - 10/ton —	10 - 15/ton —
	Mixed Office Ledger	10 - 30/ton ↓	35 - 85/ton ↑
	Computer Print-out	60 - 150/ton —	210 - 220/ton —
Plastic	PET (mixed colors)	0 —	0.01 - 0.05/lb ↑
	HDPE (natural)	0 —	0.18 - 0.20/lb ↑
	HDPE (mixed colors)	0 —	0.06 - 0.12/lb ↑
Steel	Steel Cans	38/ton ↑	85/ton ↑

The prices listed above are compiled by the TNRCC Recycling Market Development Program and are for reference only. These prices are not firm quotes. TNRCC obtained pricing information from buyers within each category and developed a pricing range. "Processors" include dealers, brokers, scrap yards and collection centers; whereas, "end-users" include mills and plants. Processor prices are for delivered material in metropolitan areas of the state and do not reflect the value of any collection services. End-user prices, except for glass, are for baled material in truckload quantity, f.o.b. seller's dock. The difference between processor and end-user prices is indicative of the value added by separating, baling or otherwise preparing materials to meet end-market specifications. Actual prices paid by end-users will depend on quality, quantity and transportation requirements. Arrows indicate direction of change from previous month.

## ETC.

**Champion Recycling Corporation** has laid off about 20 percent of its workforce at eight processing facilities across the country....April is NCTCOG's "Get In The Loop-Buy Recycled" campaign. For more information contact Marcus Boone at 817/695-9223 or [www.nctcog.dst.tx.us/envir/sw/fy97/loop-www.htm](http://www.nctcog.dst.tx.us/envir/sw/fy97/loop-www.htm). printed on recycled paper

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